

## Message Text

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15

ACTION EB-07

INFO OCT-01 NEA-09 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTE-00 INR-07 NSAE-00 FAA-00 SS-15 NSC-05 SSO-00

NSCE-00 INRE-00 L-02 AID-05 XMB-02 TRSE-00 SP-02 /057 W

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O R 131100Z FEB 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 6878

INFO AMEMBASSY BEIRUT

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

C O N F I D E N T I A L NEW DELHI 2088

BEIRUT FOR REGIONAL CIVIL AVIATION ATTACHE

E.O. 11652: GDS

TAGS: EAIR, IN

SUBJECT: AIRCRAFT SALES: RECOMMENDATIONS

REF: NEW DELHI 2089

1. IN MY EARLIER MESSAGE TODAY 2089, I REPORTED IN SOME  
DETAIL ON MY CONVERSATION WITH AIR MARSHAL LAL IN ORDER TO GIVE  
THE FULL FLAVOR OF THE REASONING HE SET FORTH ON WHICH AIRPLANES  
TO BUY FOR INDIAN AIRLINES NEXT EXPANSION. IN THIS MESSAGE,  
I SHALL INDICATE THE INSTRUCTIONS I THINK I SHOULD HAVE.

2. THIS IS A CRUCIAL TIME, AMERICAN AIRCRAFT DOMINATE INDIAN  
CIVIL AVIATION. WE HAVE A GOOD CHANCE TO KEEP IT THAT WAY, BUT  
OUR POSITION IS ALSO SERIOUSLY THREATENED. IN A COUNTRY THE  
SIZE OF INDIA, WHERE AIR IS THE CLEARLY PREFERRED WAY OF  
GETTING BETWEEN MAJOR CITIES, IT IS IMPORTANT THAT WE DO KEEP  
THIS MARKET.

3. IT IS IMPOSSIBLE FOR ME TO JUDGE FOR SURE THE EXTENT TO  
WHICH AIR MARSHAL LAL USED OUR CONVERSATION FOR SOME SHREWD  
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INTEREST RATE BARGANING. I DOUBT IF EVEN HE IS CLEAR PRECISELY

HOW SMALL THE INTEREST RATE DIFFERENTIAL IN FINANCING THE AIRBUS VS. THE TRISTAR WOULD HAVE TO BE TO TIP THE SCALES IN FAVOR OF THE US AIRCRAFT HE OBVIOUSLY PREFERS. I DO NOT DOUBT, HOWEVER, THAT FINANCING WILL BE THE CRITICAL FACTOR. I CANNOT, OF COURSE, PRESUME TO JUDGE FROM HERE ALL THE FACTORS THAT THE EXPORT-IMPORT BANK MUST TAKE INTO ACCOUNT IN THE OFFER IT WILL MAKE TO PARTICIPATE IN THE FINANCING. IN VIEW OF THE UNDOUBTED IMPORTANCE OF THIS SALE, HOWEVER, I URGE THAT UNDERTAKE PROMPTLY AN EXAMINATION OF THE METHODS BY WHICH IT MIGHT BE ABLE TO PERMIT LOCKHEED TO OFFER SOMEWHAT MORE ATTRACTIVE FINANCING OPTIONS THAN IT DID LAST WEEK FOR THE FINANCING OF THE TWO ADDITIONAL BOEING 737S. ANYTHING AT ALL THAT BRINGS DOWN THE OVER-ALL INTEREST RATE WILL HELP AND WILL GIVE US GOOD TALKING POINTS WITH AIR MARSHAL LAL AND HIM IN TURN WITH HIS BOARD. I HOPE THAT VERY SOON THAT I MAY HAVE SOMETHING ENCOURAGING TO PASS ON TO HIM. I WILL NEED INSTRUCTIONS SOON. I HOPE AND URGE THAT BY EARLY NEXT WEEK I CAN BE INSTRUCTED TO TELL LAL THAT EXPORT-IMPORT BANK WILL PARTICIPATE AND -- AT LEAST-- THAT IT IS EXAMINING ADDITIONAL FINANCING OPTIONS. TO DO LESS WILL ALMOST CERTAINLY FORFEIT THE SALE.

SCHNEIDER

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## Message Attributes

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